

**FEDERAL  
REGULATION**

45 CFR 302.32  
45 CFR 302.51  
45 CFR 303.72(f)(4) & (h)(4)  
45 CFR 303.102(e)(2) & (g)(2)

**STATE LAW**

MCL 600.6452(1)

Federal regulations require that current support be paid to the family when cash assistance funded under Title IV-A ceases. The Title IV-A program in Michigan is the Family Independence Program (FIP). Current collections must be sent to the family within 15 days of initial receipt of the collection for the first month of ineligibility. Regulations also establish the maximum amount of support the state can retain as repayment for assistance granted.

Federal regulations governing tax offsets require refunds to noncustodial parents when an offset occurred in error or in excess of past-due support.

State law bars claims against the state cognizable by the court of claims unless the claim is filed within 3 years after the claim first accrues.

**CHILD AND CHILD/  
SPOUSAL  
SUPPORT  
REFUNDS**

When the Family Independence Agency (FIA) receives child or child/spousal support collections in error, the funds are returnable through the refund process. The portion of collections received and retained by the state are available for refund.

FIA issues refunds based on payment records generated by the Child Support Enforcement System (CSES) when the State erroneously receives:

- A current child support collection for a FIP case **after** the month of case closure.
- An arrearage collection on a closed FIP case which exceeds the UPA amount.
- An undistributed collection that is not associated with an FIA case.

See Chapter 660 for more information on CSES generated refunds, undistributed collections and actions required by Friends of the Court (FOC.)

The Friend of the Court is responsible for requesting refunds of distributed child support collections misdirected to the State in other circumstances. Refunds must be requested within two working days of

identifying the need for a refund. The Payment Control Section of the FIA Office of Payment Systems processes refunds of child support requested by FOC.

### Refund Reasons

FIA refunds child or child/spousal support for the following reasons:

- **FIP Closed:** Current support was sent to the state for a closed FIP case the month after the month in which the case was closed. Federal regulations require these payments be made within 15 calendar days of receipt of the collection. CSES generates refunds for each of the reporting cycles described in Chapter 640. These refunds are paid to the Friend of the Court.

**Exception:** Exception: Current support collections received for a case which was active FIP for the collection month, but for which FIP warrants were “revenue” for the collection month will be paid to the family.

**Note:** All FIP case closures are effective the last day of the month in which the closure takes place.

- **Person Off FIP:** Current support was sent to the state after the decertification effective date for a person removed from an active FIP case. Federal regulations require these payments be made within 15 calendar days of receipt of the collection. CSES generates refunds for each of the reporting cycles described in Chapter 640. These refunds are paid to the Friend of the Court.

**Note:** The effective date for a member being removed from an active FIP case is always the last day of the month in which the member was removed.

- **FIA Overpaid:** Collections payable to the family were misdirected to FIA. This includes child support arrearage collections sent to the state in excess of the amount FIA can retain to offset assistance paid. These refunds are paid to the Friend of the Court.

**Note:** The CSES determination that collections exceeded UPA are made on an FIA case number basis. When such a refund is received, determine whether the family has an assigned arrearage under another FIA case number or numbers. If so, re-submit the collection with an FIA case number with a UPA greater than zero and notify CSES to link the UPA amounts of the appropriate case numbers. If no money is owing to the state, unassign the remaining arrearage balance and pay the refund to the client. See Chapter 600 for more information concerning unassigned arrears.

- **Account Overpaid:** A payer's account is overpaid.

- Case Number Error: An error in the FIA case number or court case number resulted in the collection being sent to the state in error or applied to the wrong individual's account.
- Collection Type Error: Money sent to the state was reported with the wrong collection type. For example, a payment designated by the payer as reimbursement of blood test costs is transmitted to the state but incorrectly reported as child support.
- NSF: A payment credited to a payer's account was voided due to non-sufficient funds.
- Offset In Error: A tax refund was offset in error.

As indicated above, a collection is refundable if it is misreported on a collection report and the FIA -29, Financial Deposit Report, as child support. If the funds are owed to the State (e.g., blood test or confinement recovery), the refunded collection must be redeposited into the local Treasury account and correctly reported on the FIA -29 (see Chapter 620).

## LIMITATIONS

### Time Limits

The Michigan Court of Claims will not honor claims against the state over three years old. Therefore, the Friend of the Court must request refunds of child and child/spousal support within three years of the latter of:

- the date of the overpayment to the state, or,
- the date (month/year) the FIP case closed; or
- the date (month/year) of the last child/spousal support transmitted to the collection state in an FIP case.

When the collection requested for refund is over three years old, the refund the request must identify collection sent to State or the FIP closure date occurring within three years of the refund request.

### Dollar Limits

The FIA supplemental payroll system cannot issue refunds for amounts of less than \$1.00. Therefore, refund requests should only be made for amounts that are \$1.00 or greater.

### Retroactive Benefits and Child Support Obligations

When a payer is eligible for retroactive social security or worker's compensation benefits, the custodial parent may receive a portion of the benefit for minor children of the parties. Those retroactive payments to the custodian are not support payments. Do NOT request a refund even if the payer paid support for the benefit period. Doing so would have the effect of retroactively modifying the support obligation and result in unreimbursed public assistance (UPA).

A court may, however, consider ongoing benefit payments as a substitute support payments. This meets the concept of the State's child support program when FIP is involved since those benefits are countable income in the FIP program.

## CHILD SUPPORT REFUND PROCESSING

### Requests

Use form FIA -820, Support Collection Payment Request, to request refunds of child and child/spousal support collections. Request refunds of collections dated January 1992 or later on separate FIA -820s from refunds of collections for months prior to January 1992. Also request refunds of federal tax offset, state tax offset and non-tax offset child support collections on separate FIA -820s. Procedures used by the Payment Control Section to process refund requests vary based on the collection date and system (DN or CSES) used to process the collection record.

Sufficient information must be provided on the FIA -820 to enable FIA to locate the collection record and enter the request into the supplemental payroll system. Accurate completion of the following items facilitates processing of requests:

- The FIA case number, court case number, FOC county number, and collection month and year. Those entries should correspond with collection data as reported to CSES.
- The amount of the collection requested for refund. The portion of a distributed collection that is available for refund is the collection minus reimbursements or other refunds paid from the collection. IRS negative adjustments are also deducted from federal tax offset collections in determining the amount available for refund. The FOC Distributed Collection Report identifies state disbursements from collections. See report facsimile in Chapter 660. The CS-100, Federal Tax Refund Offset Child Support Collections, identifies IRS negative adjustments. See report facsimile in Chapter 430.

**Note:** The full amount of any unreported collection is available for refund since reimbursements are not paid from unreported collections.

- The name and complete address of the FOC or taxpayer to whom the refund is to be sent.
- The reason for the refund request and the decertification date when applicable.

Exhibit 1 provides instructions for completion of form FIA -820 to request refunds of child and child/spousal support collections. Send requests for refunds of child support to the FIA Payment Control Section of the Office of Payment Systems.

### **Screening & Reconciliation**

The Payment Control Section screens refunds requests for required entries and reconciles requests with FIP grant payment and support collection and disbursement records before payment. The Friend of the Court is notified via an Error Memo (see Exhibit 4) when a refund request is rejected, negatively adjusted or denied. Payment Control provides notices in the following circumstances:

- The FIA -820 does not contain required entries.
- The FIA -820 indicates that the collection requested for refund was reported by the FOC but Payment Control could not locate a record of the collection.
- The amount requested for refund exceeds the amount of the collection retained by the State after disbursements or negative IRS adjustments.
- The refund request duplicates a refund that has been or will be issued. This includes requests that duplicate refunds generated by the Child Support Enforcement System (see Chapter 660).
- The refund reason is "FIP closed" but the FIP case was active for the month.

Review the error memo and FIA -820 to determine the reason for return of the refund request. If the request was rejected or denied due to incomplete or inaccurate information, provide the needed information and resubmit the request. Enter corrections or complete items on the rejected/denied FIA -820 and resubmit the form and error memo to Payment Control. Do not complete a new FIA -820.

### **MEDICAL, PATERNITY TEST, FOSTER CARE AND OTHER RECOVERIES**

In addition to refunds of child and child/spousal, FIA also returns other types of collections which have been transmitted to the State in error. Those collection types include paternity testing recoveries, medical support, support collected on behalf of court or state wards receiving foster care identified in Items 5-10 of the FIA -29, Financial Deposit Report. Refunds of those collections may be necessary because of overpayments by payers, receipt of NSF checks, case ID errors, use of incorrect collection types on the FIA -29 and other circumstances resulting in mispayments of collections to the and State.

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**MEDICAL  
COLLECTIONS**

The Department of Community Health, Revenue and Reimbursement Division authorizes refunds of confinement and other medical collections. This includes medical support collected by federal or state tax offset and other sources.

Request refunds of confinement or other medical collections using form FIA -820. Complete the FIA -820 as instructed in Exhibit 1 at the end of the Chapter. Attach to the FIA -820 account records or other documentation identifying the medical collection transmitted to the state and, if applicable, documentation of the account overpayments by the payer. Depending on the refund request, TPL may require other documentation.

Contact TPL directly if you need additional information on medical refund procedures. The address for TPL is:

Department of Community Health  
Revenue and Reimbursement Division  
P. O. Box 30435  
Lansing MI 48090

**Paternity Test  
Recoveries and  
non-FIP IRS  
Refund Recoveries**

The Office of Child Support authorizes refunds of paternity test recoveries and non-FIP IRS refund recoveries. Request refunds of those collections on form FIA -820 as instructed in Exhibit 1. Attach to the FIA-820 documentation identifying the collection sent to the state and requested for refund.

**Court and State  
Ward Collections**

The FIA Payment Reconciliation Section of the Office of Payment Systems authorizes refunds of Title IV-E Foster Care collections on behalf of court or state wards and State Ward Charge Back Collections. Request refunds of those collections using the FIA -820 as instructed in Exhibit 1. A copy of the collection report or comparable documentation identifying the collections requested for refund should be included with the FIA-820 to assist Payment Reconciliation in locating the collection report. See Chapter 630 for information concerning reports itemizing collections for court and state wards.